

Remittance Coalition Quarterly Meeting
Hosted by the Association for Financial Professionals
Walter E. Washington Convention Center, 801 Mt Vernon Place NW,
Washington, DC, 20001, Room: Salon F
Sunday, November 2, 2014
10:00 AM- 11:30 AM

Welcome and Agenda Review

Claudia Swendseid of the Federal Reserve Bank of Minneapolis opened the meeting and welcomed the attendees. There were 27 individuals present.

B2B Directory

BC Krishna of MineralTree described the B2B directory concept developed by a small group of Remittance Coalition (RC) members, including financial institutions, business practitioners, technologists, and others. The white paper explaining the B2B directory has been completed, was distributed to all RC members, and can be downloaded from the RC website, in the B2B Directory Project section, at:

<http://www.minneapolisfed.org/about/whatwedo/remittancecoalition.cfm>

BC explained the basic tenets of the B2B directory, noting that it is envisioned as a not-for-profit industry utility; designed with trustworthiness in mind, in terms of its formal rules and governance; and focused on providing an electronic payment identity (EPI) for payees that includes information such as what type of payment method the payee will accept, their e-payment address (e.g., bank account number), and instructions on how they want to receive remittance information. The B2B directory is not designed to send or receive the payments themselves (i.e., it is not a payment system), but rather it is an address book for EPIs. The B2B directory will be able to support any payment method, both current and new. It is intended to be scalable, with a distributed architecture and infrastructure capable of supporting millions of identities. He noted that there are proprietary, closed loop directories in existence now that could connect to the B2B directory, which seeks to serve as a “directory of directories” connecting numerous host directories in a way that securely delivers trusted, validated information about payees.

He summarized some of the analysis of the work group. For example, they decided not to endorse or require a particular remittance standard for use in the B2B directory since the market hasn’t progressed to that point yet. The directory will promote remittance standards, but ultimately it will be up to the payee to indicate their preferred approach to receiving

remittance information. Also, the B2B directory work group envisions distributed architecture, but with a central access point.

The next step to further the B2B directory is to conduct a business proof-of-concept to determine the right business model, validate the requirements in the white paper, and further detail architecture and scalability. The RC is seeking volunteer organizations to participate in the proof of concept.

The concept paper envisions that the B2B directory will be operated by a not-for-profit directory association. Rules and governance details need to be determined. While basic services will be free, premium services will likely carry a fee.

Claudia explained that the Federal Reserve anticipates that it will continue to collaborate with the RC and its members on the B2B directory by providing resources to support the proof-of-concept test because this endeavor is consistent with the Fed's mission in payments. In the discussion which followed, Coalition members were supportive of the B2B directory's intent and how the paper defines the concept. They offered suggestions on how to promote the B2B directory, such as a You Tube video. They stressed the need for the B2B directory to have an application programming interface (API) that is accessible and easy to use by a variety of entities, particularly service providers and financial institutions, in order to make the service widely available. The group discussed the problems with current directories. They also emphasized the need for convincing payers that this new B2B directory is better than current alternatives.

The group recognized the need to educate software and technology vendors about the B2B directory, on both the accounts payable and accounts receivable sides. They discussed how best to accomplish that goal. They also acknowledged that many potential users and their internal auditors need to be assured that effective security controls are in place for the directory to be adopted. In general, the group agreed that it is critical to address risk management concerns of potential users.

It was noted that BC Krishna and Patti Ritter will be presenting a session on the B2B directory at the AFP conference on Tuesday.

Vendor Forums

Claudia Swendseid briefly summarized RC efforts to build bridges with the software and technology vendor community. Most recently, an in-person Vendor Forum meeting was held at the Credit Research Foundation conference in Denver in August 2014. Subsequent events are planned to educate and inform vendors about RC initiatives and motivate them to adopt standards that will promote greater use of e-payments and e-remittance handling in the B2B

payments space. Many small or medium business lack in-house information technology resources and are dependent on turn-key solutions provided by these vendors, so reaching vendors is a key to success.

Small Business Payments Toolkit

Mary Hughes of the Federal Reserve Bank of Minneapolis summarized the efforts of a group of 15 Remittance Coalition volunteers led by three co-chairs: Sandy Jensen of Empire Bank, Dian Curtis of PNC, and Jim Smith of Union Bank and Trust Co. The group has drafted its first wave of basic, plain-language communications tools which are targeted to small businesses who want to learn more about payments and to bankers who serve small businesses. These dozen educational publications will be posted on the Remittance Coalition website in Q1 2015 and promoted via links and articles posted on the websites of Coalition partner associations, webinars, and perhaps a You Tube video. The first wave of documents include a general payments overview matrix describing each payment type including its pros and cons; a series on ACH to help a small business practitioner understand what ACH is, how it works, and how remittance data can be handled via ACH; a series of advisory documents on how to work with your banker (general banking terms, how to talk to a banker about payments, the difference between a personal and business checking account, and how bankers can make ACH adoption easier for small businesses); and a summary of best practices and general tips to avoid payments fraud associated with check, ACH, mobile payments, and purchasing cards; bank services that can help a small biz combat payments fraud; tips to avoid accepting fraudulent cards; how to educate employees about payments fraud; and preventing data breaches. Members of the Small Business Review Panel will be asked to review these materials. Once the first batch is completed, the group will identify, prioritize and tackle a second batch of educational tools.

Update on FRFS Roadmap

Connie Theien of the Federal Reserve Bank of Chicago recapped the Federal Reserve's current initiatives to identify potential strategies to improve the U.S. payments system. She noted that furthering B2B payment electronification and achieving straight-through-processing are considered important goals. The Roadmap paper is informed by the work of the RC and Coalition members will recognize their ideas in the forthcoming Roadmap document. The Roadmap is in the final stages of approval at the Fed, as decision makers are reaching common understanding and support for the desired outcomes and potential strategies advocated in the paper. When the Roadmap is published, it will be shared with Remittance Coalition members.

2015 Remittance Coalition Priorities

Claudia Swendseid led a discussion on what the RC's priorities should be in 2015. The following high priority objectives were identified:

1. Conduct a proof-of-concept test for the B2B directory, and continue ongoing work to define a governance structure and business model to operate the directory.
2. Continue the Small Business Payments Toolkit project. Get the first wave of materials published on the Remittance Coalition website, develop additional materials, and promote their usage with the help of Remittance Coalition's partner associations and members.
3. Find effective ways to inform, engage, and motivate software and technology vendors in Remittance Coalition efforts, such as the B2B directory, remittance standards such as NACHA XML and ISO 20022, and other initiatives. Persuade vendors to increase adoption of these services and solutions in future releases and modules.
4. Continue to collaborate with standards development organizations (e.g., X9, IFX, etc.) to develop and promote standards and technical reports that address specific "pain points" identified by B2B practitioners.

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